

Ty Aion, Ffordd Bedwas
Bedwas, Caerffili,
CF83 8WT
029 2085 9696

Ty Aion, Bedwas Road
Bedwas, Caerphilly
CF83 8WT
www.hefcw.ac.uk

Cyngor Cymru Adysg
Uwch Cymru
Higher Education Funding
Council for Wales



Cylchlythyr | Circular

Capital Funding 2021-22

Date: 21 May 2021
Reference: W21/13HE
To: Heads of higher education institutions in Wales
Response by: 23 July 2021
Contact: Name: David Hunt
Telephone: 029 2085 9712
Email: david.hunt@hefcw.ac.uk

This circular provides details of the basis on which Capital will be allocated to Higher Education Institutions in Wales in 2021-22, the information required from institutions and our approach to monitoring.

If you require this document in an alternative accessible format, please email info@hefcw.ac.uk.



Noddir gan
Lywodraeth Cymru
Sponsored by
Welsh Government

Background

1. In the [HEFCW remit letter for 2018-19](#), specific provision was made for Capital funding over the next 3 years. The relevant section (para 4.1 of the remit letter) notes:

‘I am pleased to confirm that Capital resources have been allocated to the Funding Council for the next 3 years. Building on the work begun in response to my revised 2016-17 remit letter, I expect the Council to develop a scheme that will help reduce institutional financial risks associated with estate utilisation. I am keen to ensure that the Council is able to help institutions reduce the level of future expenditure on university operations as a tool for preparing institutions for significant regulatory and financial reform during the next 5 years.’
2. Following delivery of the third tranche of funding ([W20/23HE](#)), the Welsh Government (WG) supplementary budget for FY 2020-21 published on 17 February 2021 indicated that a further £44m of Capital funding would be available for allocation by HEFCW within the 2020-21 Financial Year. This funding was confirmed in the [HEFCW Revised Remit Letter 2020-21](#) of 9 March 2021 and was successfully allocated to institutions as described in circular [W21/09HE: Additional Capital Funding 2020-21](#).
3. Welsh Government have since indicated in our [2021-22 remit letter](#) that a further £10m will be available for allocation within the 2021-22 Financial Year. As for the previous additional Capital (W21/09HE), this funding will be allocated to support strategic priorities outlined in previous remit letters and delivery of the [WG Economic Action Plan](#).

Basis of Capital funding allocations

4. The Capital funding will be allocated based on a formulaic approach. As the funding is to be used, at least in part, to support Learning and Teaching, the student experience and student facing infrastructure, the allocations have been determined based on student numbers. The number of students at an institution represents a reasonable proxy for the amount of estate and facilities required. This method is consistent with our previous allocations of capital.
5. The student numbers used for the initial allocation are the most recent HESA Student Record Full-Time Equivalents (FTEs) for all modes, levels and domiciles based on the 2019/20 academic year

Application of a minimum funding allocation

6. In order to provide Capital funding that will allow all institutions to invest in projects that will make a sustainable impact, a minimum allocation value of £750,000 has been applied.

7. The funding for institutions where the original allocation based on their student FTEs fell below this value has been increased to this amount and the FTEs for those institutions then removed from the calculation. The remaining balance of available funding has been apportioned between the other institutions based upon the remaining FTEs in the calculation.
8. Due to their limited physical estate in Wales and their ability to access other UK Capital funding streams, the OU's allocation will be subject to half the value of this minimum threshold (£375,000).
9. The resulting allocations for each institution for the 2021-22 funding based on the above methodology are provided in **Annex A**.

Submission of plans

10. Institutions will be required to provide their Capital investment plans for this funding, along with their Estate strategies, with details of how the investment plans align with their Estates strategies. We understand that the Covid-19 pandemic will have had an impact on estates strategies and would expect plans to reflect any changes/adaptations. If estates strategies are in the process of being updated, a written update including estates priorities must be provided.
11. The Capital investment plans should include details of the institutions' planned expenditure and how it will improve the Learning and Teaching space and benefit the Student Experience. The plans should also address the following criteria:
 - Reduce institutional financial risks associated with estate utilization;
 - Reduce the level of future expenditure on university operations.
12. The Capital investment plans should also include details of the institutions' planned expenditure and how it will support strategic priorities outlined in previous remit letters and delivery of the [WG Economic Action Plan](#) and which:
 - Facilitate responding to, or recovering from, Covid-19. This should include investment in developments that support decarbonisation and the green economy; capital investment to render campuses Covid-safe; investment in digital learning infrastructure and other student-facing infrastructure;
 - Relate to capital investment that has been paused due to Covid-19; and
 - Relate to additional capital investment costs which have been incurred as a result of Covid-19 to render campuses Covid-safe.
13. HEFCW Officers will look to confirm that the Capital investment plans are appropriate and meet the criteria and will seek further information if required.
14. As part of the submission, we will also require institutions to provide details of their latest data for a number of HESA estates record metrics (as set out in

paragraph 21 below) with details of the impact that the proposed projects are expected to have on them. Please also provide information on how these measures compare to your peer group (with information on how the comparators have been chosen). This will form part of our monitoring process as set out below.

15. A pro forma for these plans is attached at **Annex B**.
16. Given the timing of this allocation, we have added a brief section to the pro forma to request details of any underspend/deferrals on projects from the previous tranche of funding (£10m). Where there has been underspend or deferral in relation to a funded project, we will engage with you to understand the issues. We will also discuss the phasing of any future payments for ongoing or proposed projects, to ensure that our payments are not made in advance of need. This may mean that not all institutions will receive their funding at the same time.
17. Should we have any concerns on the appropriateness of any particular projects, we may require the funding to be redirected to more suitable ones. As such, we recommend that institutions provide plans in excess of their allocation to allow for flexibility.

Annual Monitoring

18. A monitoring exercise will be undertaken in 2022 at a suitable date to ensure that the funding has been used for the proposed projects and to provide an update on the impact that the investment has had.
19. Institutions will be expected to provide a breakdown of the Capital spend in a way that allows comparison with the original plan with explanations to be provided for any differences.
20. Institutions will be requested to provide a qualitative summary of the positive impacts this funding has had/is having on WG priorities and the criteria noted above.
21. Institutions will also be required to provide quantitative information of the estimated impact of this funding on the following metrics included in the HESA Estates record, namely:
 - Space (Gross Internal Area (GIA), m²) per staff and student FTE (Non-residential);
 - Total property costs per square metre (GIA, non-residential);
 - Ratio of total property costs to income (Non-residential);
 - Total Income per square metre (Net Internal Area (NIA));
 - Percentage of the estate in condition A and B (GIA, non-residential);
 - Percentage of estate in functional suitability condition 1 and 2 (Non-residential).

Timetable

22. Providers are requested to submit their strategies and plan proformas to HEFCW by 23 July 2021.
23. Officer analysis and any required follow up will be undertaken in August 2021.
24. HEFCW will begin to release the allocated funds to institutions upon receipt and agreement of plans from September 2021, with the precise timing to be determined.
25. The annual monitoring process will take place in July 2022, although HEFCW will liaise with providers in advance to provide more details.
26. This funding will be made available subject to the general conditions for payment of funds by HEFCW to the Governing Body of an institution. These are set out in the Memorandum of Assurance and Accountability ([W15/32HE](#)).

Further information

27. For further information, contact David Hunt (tel 029 2085 9712; email david.hunt@hefcw.ac.uk).

Assessing the impact of our policies

28. We have carried out an impact assessment screening to help safeguard against discrimination and promote equality. We also considered the impact of policies on the Welsh language, and Welsh language provision within the HE sector in Wales and potential impacts towards the goals set out in the Well-Being of Future Generations (Wales) Act 2015 including our Well-Being Objectives. A responsibility also rests on higher education institution partners to assess the impact of their proposals to help safeguard against discrimination and promote equality. Contact equality@hefcw.ac.uk for more information about impact assessments.

Capital funding 2021/22

Institution	FTE	Allocations pro rata to FTE (£):	Percentage allocated to each institution
University of South Wales	17,701	1,544,611	15%
Aberystwyth University		750,000	8%
Bangor University	8,802	768,095	8%
Cardiff University	28,269	2,466,747	25%
University of Wales Trinity Saint David	9,658	842,748	8%
Swansea University	17,745	1,548,394	15%
Cardiff Metropolitan University	9,442	823,872	8%
Wrexham Glyndŵr University		750,000	8%
OU in Wales	5,793	505,533	5%
Total	97,409	10,000,000	100%

Source: HESA student record 2019/20

FTE's used in calculation: all modes, levels and domiciles.

Note: HEFCWs data suppression policy has been applied to FTE figures but funding calculations were made on the original unrounded values.

Note: Totals may not sum due to rounding.

Note: The Student FTEs for Aberystwyth and Wrexham Glyndŵr were 6265 and 3700 respectively (not shown in table as minimum allocation applied).